

SB

South Carolina Electric & Gas Company

ORIGINAL

CONTRACT FOR ELECTRIC SERVICE

Effective Date: 08-18-14 Contract No.: E7014048

THE PARTIES HEREIN NAMED AGREE TO THE FOLLOWING

Customer's Legal Name: The Boeing Company

This original
to be returned
to SCE&G Company

D/B/A: Propulsion South Carolina

Premises Served: Summerville 737 Max Propulsion Plant

Service Address: 8795 Palmetto Commerce Parkway, Ladson, SC 29456-6732

Billing Address: C/O Advantage IQ MS 1339 PO Box 2410 Spokane, WA 99210-2410

Initial Term Ends: 15 Years from Effective Date; Service Date: July 25, 2014

Minimum Notice of Termination: 12 Months after initial term.

Supply: 115 kV Service Method: Two (2) primary meters

Delivery: 23,900 Volts, 3 Phase, 4 Wire, Wye Connected

Point of Service: Bushing well inserts on the load side of the primary metering enclosures

Metered Voltage: 23,900 Volts; Meter Location: Each of the two (2) pad-mounted primary metering cabinets

Billing Rate: 23 Contract Demand: 2,000 kW Maximum Capacity: 8,000 kVA

Build-up Period: 6 (six) months SIC: 3728 NAICS: 336413

Special Provisions/Extra Facilities/Explanations: (Acct. No.) See attached Exhibits "A" and "B", which are incorporated herein by reference. This Contract is to establish new service.

This contract incorporates all general, standard, and special terms hereafter or incorporated by reference, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

THE BOEING COMPANY

SOUTH CAROLINA ELECTRIC & GAS COMPANY

By: 

By: 

Print: Matt E. Daly

Print: William G. Watkins

Title: Procurement Agent

Title: Manager - Large Customer Accounts & Services

EXHIBIT "A"
Contract for Electric Service between SCE&G and The Boeing Company
8795 Palmetto Commerce Parkway, Ladson, SC 29456-6732

Section I – General

This Contract for Electric Service ("Contract") is being executed between South Carolina Electric & Gas Company ("Company" or "SCE&G") and The Boeing Company ("Customer" or "Boeing") (each a "Party" and collectively, the "Parties") for the Summerville 737 Max Propulsion Plant ("Propulsion South Carolina") located on Palmetto Commerce Parkway, for and on behalf of themselves, their successors and assigns. This Contract shall include the Standard Conditions and RIDER 1 attached hereto, and supersedes all other previous oral or written contracts/agreements covering electric service to the Premises.

Pursuant to the terms and conditions of this Contract, Company shall supply Customer with, and Customer shall pay for, Green Power to satisfy all of Customer's electricity needs at the Propulsion South Carolina. The Parties' obligations for the supply of and payment for Green Power are set forth in RIDER 1.

A. BILLING –

Except as otherwise noted, all provisions of Industrial Power Service Rate 23 or its successor/equivalent in effect at the time of billing (herein referred to as "Rate 23") will be part of this Contract. A copy of the Rate 23 schedule, currently in effect, is attached. Customer shall be eligible for service under Rate 23 for the duration of its operations at the Propulsion South Carolina.

Beginning with the Service Date of this Contract For Electric Service and extending for [REDACTED] Customer will be billed according to a Contract Rate, consisting of: 1) a Basic Facilities Charge; 2) an Energy Charge; 3) a Demand Charge; and 4) an Economic Development Credit as follows:

- 1) Basic Facilities Charge: The Basic Facilities Charge shall be the Basic Facilities Charge included in Rate 23, in effect at the time of billing.
- 2) Energy Charge: The Customer's Energy Charge shall be determined by applying the Energy Charge per kWh in the Company's Rate 23, in effect at the time of billing, to the billing kWh as measured by the Company, in accordance with Section A of this Contract.
- 3) Demand Charge: The Customer's Demand Charge shall be Demand Charge for "All KW of Billing Demand" in the Company's Rate 23, in effect at the time of billing, applied to the Billing Demand kW as determined by the Company.

Approval Initials

MD

For Customer

NGW

For Company

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The standard 6-month build up period shall apply beginning with the Equipment In-Service Date.

The monthly billing shall be on one account, based on the arithmetic sum of energy, and the coincidental peak demand as recorded at the two (2) metering points during each billing period.

B. BILLING – [REDACTED]

Beginning with contract year [REDACTED] of this Contract and extending for a minimum of [REDACTED] Customer will be billed according to Rate 23.

Section II – Non-Standard Facilities

Customer has requested and Company has agreed to install, own, operate and maintain a second 23.9 kV point of service, metering and associated equipment (more explicitly identified in Exhibit B attached hereto and made a part hereof). In consideration of Company's investment in these non-standard facilities, Customer agrees to pay Company a one-time, non-refundable contribution-in-aid-of-construction in the amount of \$109,520. Payment shall be made within thirty (30) days of the Effective Date of this Contract.

Approval Initials MD WGW
For Customer For Company

Customer also agrees to pay Company a monthly Operating Charge equal to Company's standard operating charge rate times the cost basis of the non-standard equipment, currently in the amount of \$1,095. This Operating Charge is required to cover the costs associated with owning, operating and maintaining the non-standard facilities. The Company's standard operating charge rate, currently 1.00% per month, is subject to change from time to time, but not more often than once a year based on Company's related cost factors. The cost basis is equal to actual cost of the second 23.9 kV point of service, metering and associated equipment and is subject to change with a corresponding change in the current value of any covered unit(s) of capital in the event of a required replacement of major components. The charges described in this Section shall be in addition to all other sums due under this Contract.

Section III – Regulatory Approval

The Customer agrees to support the Company in its request to the Public Service Commission of South Carolina ("Commission") to protect the confidential information contained within this Contract. This Contract is subject to the approval of the Commission, and any and all provisions herein are subject to change by order(s) of the Commission and the Customer agrees to support the Company in its request to the Commission seeking approval of the Contract. In the event the Commission does not approve the Contract, or approves the Contract (including Riders) subject to conditions that differ in any way from the rates, terms and conditions herein, the Parties shall negotiate in good faith, in order to address any such Commission conditions. If they cannot reach agreement then either Party may terminate this Contract with ninety (90) days written notice without penalty.

Section IV – Confidentiality

Company and Customer hereby agree to keep the terms of this Contract confidential. Neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of this Contract to a third party except (i) in order to comply with any applicable law, order, regulation, or exchange rule; (ii) to the extent necessary for the enforcement of this Contract; or (iii) to its employees, lenders, counsel, accountants and other agents on a need-to-know basis for the analysis of business issues related to this Contract, provided such persons shall have agreed to keep such terms confidential. The existence of this Contract is not confidential.

Section V – Self Generation

The Customer may elect to own and operate on-site generation facilities to generate power for emergency use by Customer as backup for its critical infrastructure, and will be entitled to any applicable Company incentives that might arise in connection with such on-site generation. Any limitations on Customer's right to self-generate power shall be limited to a fifteen (15) year period, commencing from the Service Date of this Contract. Customer shall retain all rights to any "Green Attributes" ("Green Attributes" shall mean RECs, Green Tags or any other environmental attributes), credits or subsidies that may be applicable to any on-site generation owned by Customer. Any such Self-Generation shall be subject to all applicable Company tariffs regarding Customer-owned generation that are on file with, and have been approved by the Commission.

Approval Initials


For Customer


For Company

STANDARD CONDITIONS

Supply and Use: Company agrees to sell and Customer agrees to buy from Company all purchased electric energy, capacity, related transmission services and any related distribution services required by Customer for use on its premises covered hereunder. Resale by Customer of energy, capacity, related transmission or related distribution services is not permitted.

Creditworthiness: Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the contract may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information and at the request of the Company, will maintain such credit support or surety including but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

Service Application, Deposit and Release: Prior to receiving service, Customer or its Agent must: (a) Ensure that an application for service is made to Company, either in person at one of Company's commercial offices or through the Company representative coordinating the service arrangements; (b) Post a service deposit with Company (as determined by Company in accordance with S.C. Public Service Commission regulations), unless waived by Company in favor of other satisfactory assurance for payment of bills; and (c) Ensure that any inspections required by governmental authorities having jurisdiction are completed and notice thereof is given to the Company.

Commencement of New Service: Company and Customer shall make every reasonable effort to have their respective facilities ready for service by the **Service Date** stated on Page 1. If conditions should change, the affected party shall immediately notify the other.

Assignment: Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

Term: This Contract shall commence on the **Effective Date** (the date on which this contract is fully executed) and shall continue for the full **Initial Term**, unless an early termination is mutually agreed upon. Thereafter, it will extend automatically until terminated by either party giving the other a written **Minimum Termination Notice**. Billing for service rendered hereunder shall commence on the **Service Date** (the date customer contracts for service under the tariff applicable to this contract) or the date that service is first made available, whichever is later, or in accordance with terms stated under **Special Provisions**.

Termination: Should Customer terminate this Contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero. Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the maximum demand set during the term times the demand rate in effect at the time of termination times the number of months remaining in the contract period.

Approval Initials



For Customer



For Company

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, or (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the SCPSC or imposed by law.

Impaired Service: Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for protecting its equipment from single phase conditions, momentary interruptions or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment of such nature and in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.



Load Increase: If Customer contemplates a load increase which may exceed the **Maximum Capacity** stated on Page 1, Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

Facility Relocation: Should Customer request Company to relocate any of its facilities, or take any action which will require Company to relocate its facilities, Customer shall reimburse Company for the costs incurred.

Hold Harmless: Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each, and each shall indemnify and except as hereafter limited, shall hold the other harmless from any loss resulting from bodily injury (including death) or damage of property arising directly or indirectly out of any negligent or willful act or failure to act on the indemnitor's part in the installation, maintenance, operation, replacement and/or removal of the facilities owned and operated by each. Neither party shall be liable to the other in any event, whether in contract, tort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

South Carolina Public Service Commission: This Contract, the Billing Rate referenced on Page 1, and all services rendered hereunder, are subject to the Company's "General Terms and Conditions" as approved by the Commission, and to the "Rules and Regulations" of the Commission, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms and Conditions are attached and made a part hereof; Rules and Regulations are made a part by reference and are available upon request. This contract is specifically intended to survive deregulation or retail access.

Bold Print Terms: Bold Print terms reference the corresponding completed blanks on Page 1.

Approval Initials		
	For Customer	For Company

A. AVAILABILITY

This RIDER 1 is available to Customer in conjunction with the Contract being executed concurrently herewith, to facilitate the purchase by Customer of Green Power, as defined below.

B. DEFINITIONS

- 1) Green Power: Green Power shall mean electricity sold by Company for consumption at the Plant coupled with Green Attributes (defined at Section V of the Contract). Green Power shall include Company Green Power and Market Green Power.
- 2) Green Premium: The Green Premium shall mean: [REDACTED] plus associated revenue related taxes ("Company Green Premium") and the Company's reasonable costs for purchasing Green Attributes in the open market, [REDACTED]
[REDACTED] plus all associated revenue related taxes ("Market Green Premium"), as applicable, pursuant to Sections D, E and F, below.
- 3) Company Green Power: Company Green Power shall mean power coupled with Green Attributes from SCE&G's biomass system resources ("Company Green Attributes").
- 4) Market Green Power: Market Green Power shall mean power coupled with Green Attributes (for purposes hereof, specifically National Wind Renewable Energy Credits) purchased in the open market ("Market Green Attributes").

C. DESCRIPTION OF SERVICE

Company provides electric utility service to Customer's Plant ("Plant"). Customer desires to have the Plant served entirely with Green Power upon commencement of this Contract. To accomplish this, Company will provide [REDACTED]

D. TERM

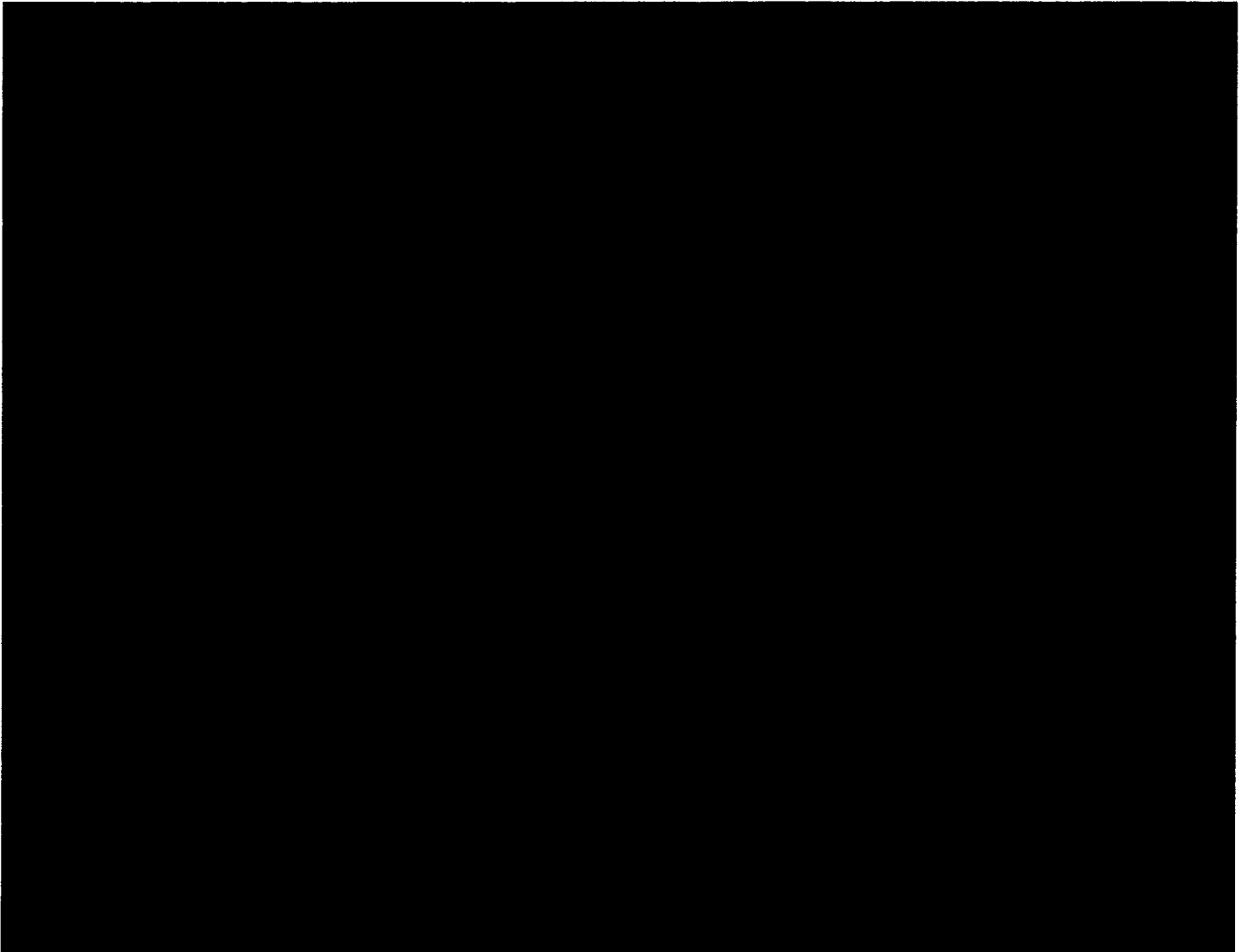
Customer commits to purchase from Company and the Company commits to provide the Green Attributes for 100% of energy consumption by the Plant for a minimum of one year beginning on the service date of the Contract. At the conclusion of such one year initial term, the term of this RIDER 1 shall automatically be extended on a year-to-year basis, with the Company Green Premium and the Market Green Premium to be mutually agreed upon by the Customer and the Company, unless either party shall give written notice of intent to terminate at least (30) days prior to the expiration of the original term or any extension thereof.

E. RATE FOR GREEN POWER

The Customer's Rate for Green Power shall consist of the following two components:

- 1) The charges under Rate 23 (under which Customer takes service), discussed in Section I (A) and Section I (B) of the Contract, which include basic facilities charges, energy charges, and demand charges.
- 2) The Green Premium (as defined above) will be added to each monthly bill for the kWh consumption at the Plant.

F. GENERAL PROVISIONS



The first true-ups under this Section F will be through the period ending December 31, 2014 and occur no later than February 28, 2015.

Attestation forms for Company Green Power shall be provided annually and shall be in compliance with the Quality Criteria listed in World Resources Institute (WRI) Greenhouse Gas Protocol Scope 2 Guidance. If the emission factors from the biomass system resources are not available, Company will provide documentation of the renewable fuel sources used to generate Company Green Power and the emission factor(s) used on an annual basis. The default Intergovernmental Panel on Climate Change (IPCC) emission factors shall be acceptable.

G. PRIORITY FOR COMPANY GREEN ATTRIBUTES

Company will give Customer a priority to its Green Attributes up to the amount necessary for the Plant, so long as that is allowed under applicable regulations and law.

H. GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and part of this RIDER 1.